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Benchmarking culture and performance in Chinese organizations

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Abstract

Purpose – To show differences in organizational performance, management style and systems, resulting from cultural differences in three organizational types: foreign-owned, joint ventures, and Chinese-owned and operated.

Design/methodology/approach – A survey method was used to assess the management systems, leadership and styles within the cultural contexts of the three types of organizations using Hofstede's four cultural dimensions. Organizational performance was measured using balanced scorecard method and factors suggested by other authors. Performance measures were compared across the three types of organizations.

Findings – Foreign-owned and operated companies performed significantly better than their joint venture (JV) and Chinese-owned and operated organizations as measured by financial perspective, customer perspective, internal business perspective, innovation and learning perspective and technological assessment. There was clear evidence of benchmarking among Chinese-owned and operated organizations, learning from JVs and FOOs.

Research limitations/implications – This study used only managers who had a minimum of five years' experience. The study also did not entertain cross-breeding management styles.

Practical implications – Provides useful information about benchmarking patterns being used by Chinese owned and operated organizations. As the blending of cultures in global organizations continues, learning organizations benchmark not only process technologies but also management systems, leadership and styles.

Originality/value – The paper clearly provides a direct comparison among the three types of organizations operating in the Chinese cultural context. The methodology used is a blend of different approaches to ensure comprehensive assessment of organizational culture and performance.

Keywords Benchmarking, Organizational culture, China, Organizational performance, Management styles, Leadership

Paper type Research paper

Introduction

A tremendous body of research has been built-up in recent years focusing on the dynamics of globalization and more specifically, on the process of benchmarking being applied (Ger and Belk, 1993, Belk and Ger, 1997; Sklair, 1993). More interestingly, a natural benchmark for thinking of globalization of businesses is to consider how Corporate America and/or Western MNCs have shaped the world in which management systems and leadership styles, business processes and performance measure are getting changed (Sinclair and Zairi, 2001). Even national and state or



provincial governments in some countries such as People's Republic of China are offering special incentives either to create and convert local organizations into joint ventures with foreign MNCs or have tie-up arrangements where management processes leading to better performance can be easily adopted and benchmarked.

Chen (2003) and Pun (2001) provide compelling evidence to suggest that US multinationals operating in the areas of transportation, mass media, consumer durables and non-durables, publishing, tourism and information technology, etc., are contributing significantly to modify internal organizational culture of domestic companies. In fact, in many developing countries including China, fancy shopping malls, retail outlets, cafés, hotels, educational institutions, and cultural organizations have opened up (Horne, 1992). These organizations are either managed by expatriate Americans or people who have been trained in US educational institutions and worked in American corporations. These expatriates obviously bring with them American leadership and cultural values/styles to manage these foreign companies. However, these styles need to be used with flexibility and cultural adaptation. Otherwise, they would prove to be ineffective in those cultural contexts (Harrison, 1994; Thanopolos and Leanard, 1996). While there has been some analysis on the use of these styles and the consequent benchmarking processes in different culture, it has not been given systematic or rigorous attention in the Chinese context.

This study, therefore, looks at how the use of American or Western MNCs management styles is leading to serious benchmarking efforts in Chinese organizations, and more specifically, if these benchmarking efforts are making a difference in improving the overall performance of Chinese companies. The study addresses the following research questions:

- What are the main differences between Chinese and American or Western MNCs culture and management styles?
- To what extent are foreign culture and management styles adapted in Chinese organizations?
- How do Western MNC culture and management styles affect organizational performance indicators?
- How do Western MNC culture and management styles affect employees and their job satisfaction?
- To what extent are benchmarking efforts successful in Chinese organizations?

In order to address these research questions, this study relies on background literature and the survey to establish cultural differences in the three organizational types and consequent differences in organizational performance. Further, it provides references to benchmarking efforts being used by Chinese companies.

Theoretical background

Two major aspects of this study are related to organizational culture and organizational performance.

Organizational culture

Since the late 1970s and early 1980s, there has been emerging interest in understanding the cultural factors underpinning Japanese economic performance. This interest spawned

a series of popular business books, which readily synthesized the ideas of Pettigrew into an accessible form for practitioners of the time. *The Art of Japanese Management* (Pascale and Athos, 1981), *Corporate Culture* (Deal and Kennedy, 1982), and *In Search of Excellence* (Peters and Waterman, 1982) all provided timely accounts of the competitive advantage of organizations with deeply embedded shared values. At the same time, however, Pfeffer (1981) emphasized the idea that organizations may have a number of different and competing cultures, arguing that individual organizational subunits are likely to develop distinctive ideologies and structures of meaning.

Hofstede (1980) conceived culture as a construct which manifests itself in an organization as a result of the organization's location within a particular society. On the basis of an extensive analysis of 88,000 responses to a questionnaire survey of IBM employees in 66 countries, Hofstede argued that there are four discrete dimensions of culture:

- (1) individualism (the extent to which people are oriented towards self interest versus an orientation towards the interests of a wider group of which they are a part);
- (2) uncertainty avoidance (the extent to which people seek to minimize uncertainty versus the extent to which they are tolerant of ambiguity);
- (3) power distance (the extent to which relationships between superior and subordinate are distant and formal versus close and informal); and
- (4) masculinity (the extent to which success is defined in terms of assertiveness, challenge and ambition, rather than in terms of caring and nurturing).

On the basis of his research, Hofstede demonstrated that countries differ significantly in their "score" on these dimensions. In addition to the relevance of the framework, his work has been acknowledged to have been based on a rigorous research design, systematic data collection and a coherent theory to explain national variations (Sondergaard, 1994).

However, three important limitations to Hofstede's work have been suggested by a range of reviewers. First, a number of authors have emphasized the limitations of gathering data from employees of a single organization in order to make inferences about national cultures (Robinson, 1983; Sorge *et al.*, 1983; Tierney, 1990; Korman, 1985). Second, several reviewers have pointed out that the dimensions developed from Hofstede's analysis may be artifacts of the period in which the surveys were conducted (Warner, 1981; Lowe, 1981; Baumgartel and Hill, 1982). Third, questions have been raised about the validity of inferring values from attitude surveys alone (Smucker, 1982; Schooler, 1983). Sondergaard (1994) notes that despite these limitations, Hofstede's work is widely acknowledged, receiving no less than 1,100 direct references in journals between 1980 and December 2002, and has provided the basis for 67 replicated studies. Among these citations, 293 studies exist in which Hofstede's dimensions have been used as a paradigm or conceptual framework outside their original setting.

Using Hofstede's paradigm, some authors (Korman, 1985; Deal and Kennedy, 1982; Harrison, 1994) have suggested that organizational cultures may differ based on the role, power structure, and ability to manage the organization by expatriates who bring with them their own set of national or regional cultures. In this study, Hofstede's four dimensions were used in the context of organizational culture assessment in different types of organizations. In China's Jiangsu province, three distinct types of organizations were observed:

- (1) foreign owned organizations (FOOs) such as MNCs where the organizational culture was largely dominated by foreign nationals or expatriates;
- (2) joint ventures (JVs) where both foreign or expatriates and local people who brought their local, regional and national culture of China meshed together to function effectively in the local context; and
- (3) Chinese owned and operated organizations (COOs) where no foreign or expatriates role was observed.

These three types of organizations were used to determine if there are indeed cultural differences between organizational types.

Although this study focuses on determining cultural differences between these organizations based on Hofstede's dimensions, an attempt was made to see how those differences manifested in the functioning and management styles within these organizations. A set of questions relating to the role, management and leadership style of the organization was asked (Table I). These questions were adapted from the questionnaire used by Adsit and London (1996) in his attempt to measure differences in administrative styles and effectiveness. The Cronbach's α in this study is as follows: individualism and collectivism items (0.8317), power distance (0.9033), uncertainty avoidance items (0.9346), and masculinity and femininity items (0.8826). These questions were presented to employees as a means to uncover differing aspects of supervision, leadership, assertive versus passive style of top and middle level managers. The results of these questions indicate that there are indeed differences between the Chinese and the non-Chinese management styles.

Organizational performance

Some of the organizational performance items were primarily adapted from the Malcolm Baldrige National Quality Award outcome assessment measures, and have been used and reported in previous works (Fok *et al.*, 2000, 2001). Adsit and London (1996) used items related to the internal business perspective, training and learning systems, leadership, satisfaction with financial and non-financial rewards as well as, job satisfaction as measures of organizational effectiveness. This study adapted some of the items proposed by Adsit and London (1996). Hartman *et al.* (2002) conducted a factor analysis of 11 items relating to different aspects of organizational performance and found the following two factors to significantly influence overall organizational performance: general organizational success; and satisfaction with technology. In the general organizational success factor, and satisfaction with technology, included were items such as "Overall, my company is performing well", "Overall, morale in my company is high", "Overall, I am satisfied with the use of technology in my company", and the like. In addition, Hartman *et al.* (2002) found service quality to be an important factor in assessing organizational performance. Lonial and Raju (2001) added some additional factors to measure organizational performance such as the use of technology in the organizations and employees satisfaction with the use of technology. In addition, Lonial and Raju (2001) also used variables related to turnover, job satisfaction, specific satisfaction with their compensation, and reward patterns. In this study, we have utilized a variety of factors and variables used by these authors. The items used in this study to measure organization performance can be seen in Table II.

Table I.
ANOVA results for
assessing differences in
management and
leadership styles as
manifestations of cultural
context within
organizations

Cultural manifest indicators	FOO	Means JV	COO	P-value
<i>Individualism and collectivism</i>				
The company communicates internal information in a timely and honest fashion	6.56	4.92	3.11	0.037
My manager seeks other people's input to evaluate our work	5.84	5.91	2.32	0.026
My manager encourages me to influence what goes on in my department	5.58	5.17	5.24	0.058
My manager encourages me to influence what goes on outside my department	6.54	6.21	4.16	0.032
My manager regularly recognizes and acknowledges the quality of my work	5.93	6.07	5.88	0.068
My manager takes into consideration the needs of the customer (internal or external) when planning	6.17	5.32	4.07	0.0446
<i>Power distance</i>				
My manager's manager is accessible and visible	5.88	5.51	2.23	0.01
My manager communicates effectively upwards, downwards, and by the most effective media	6.18	5.43	4.57	0.29
My manager openly and effectively discusses employee career development	6.63	6.27	5.78	0.044
My manager helps us understand why things are changing	6.20	5.77	3.37	0.036
<i>Uncertainty avoidance</i>				
My manager encourages me to come forward with ideas and suggestions	6.81	6.13	3.56	0.008
My manager's manager creates an environment that supports empowerment and risk taking	6.31	4.89	2.76	0.19
<i>Masculinity and femininity</i>				
My manager demonstrates a sense of urgency without creating undue stress	6.07	5.93	4.16	0.041
My manager gives feedback honestly to me	5.93	5.71	4.17	0.021
My manager's manager is an effective leader	5.67	5.32	3.97	0.24
Note: Scale values: 1 = Disagree; 7 = Agree				

Most authors accept the need for non-financial measures of performance. There has been some debate as to whether to keep better financial measures or use operational measures only. Kaplan and Norton (1992) state that: managers should not have to choose between financial and operational measures. . . no single measure can provide a clear performance target or focus attention on the critical areas of the business. Managers want a balanced presentation of both financial and operational measures.

Kaplan and Norton propose a “balanced scorecard” of measures along four dimensions:

- (1) financial perspective;
- (2) customer perspective;
- (3) internal business perspective; and
- (4) innovation and learning perspective.

Indicators of organizational performance	FOO	Means JV	COO	P-value
<i>Financial perspective</i>				
Overall, my company is performing well	6.31	5.87	3.46	0.037
I understand the company's financial picture	6.13	5.69	5.03	0.03
<i>Customer perspective</i>				
In general, our company has good relationships with our customers	5.49	4.89	5.12	0.043
Relative to our competitors, my company's customers are satisfied with our products/services	5.77	5.32	5.46	0.13
I understand the importance of system integration, multi-vendor open systems, services and maintenance	6.82	6.37	4.93	0.038
<i>Internal business perspective</i>				
Overall, the morale in my company is high	6.67	6.53	4.81	0.042
Overall, my company is productive	6.54	6.72	5.93	0.178
In general, my co-workers are happy and proud to be working for my company	6.83	6.64	5.71	0.04
I believe that my service to the company and the contributions that I have made are appreciated	6.10	5.82	5.21	0.38
Compared with other companies in the industry, my company has lower employee turnover	5.49	5.35	6.53	0.06
I have confidence in the leadership of my firm's management team	6.46	6.19	4.13	0.03
It is important that the firm has a clearly articulated set of values by which we live	5.43	5.68	3.39	0.02
I am satisfied with my pay	6.69	6.82	1.53	0.007
I am satisfied with the benefits program	6.64	6.37	3.82	0.029
The people with whom I work have the appropriate skill set to contribute to the firm's success	6.54	6.39	4.26	0.036
Relative to other companies, my company is an enjoyable place to work	6.49	6.35	5.42	0.043
Overall, I am satisfied with the financial and non-financial rewards given by my company	6.78	6.67	2.19	0.018
<i>Innovation and learning perspective</i>				
We are making progress, shifting away from a hierarchy, towards a team-oriented approach	6.71	6.54	2.07	0.01
I understand why we are focusing on accounts and customers	5.88	5.71	4.92	0.04
The company provides training experiences I need	5.38	5.27	4.19	0.042
I am satisfied with my career progress in the company	6.73	6.58	3.36	0.027
<i>Technological assessment</i>				
Overall, the use of information systems has affected my job positively	5.39	5.88	3.23	0.336
Overall, my company uses an appropriate level of technology	6.07	5.38	3.63	0.024
Overall, I am satisfied with the use of technology	6.22	5.57	3.27	0.019
Note: Scale values: 1 = Disagree; 7 = Agree				

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Table II.
ANOVA results for
differences in
organizational
performance for the three
types of organizations as
a function of
organizational culture

The “balanced scorecard” approach was developed further to include aspects of strategic planning (Kaplan and Norton, 1992), and appears to have gained popular support in industry (Maisel, 1992). Ridgway (1956) discussed the need for a balanced set of performance measures and pointed out that concentration on any single measure of performance would lead to dysfunctional consequences as performance may be maximized against that measure, to the detriment of overall performance (Ridgway, 1956). Smith (1990) suggests that the movement towards accepting non-financial indicators (NFIs): “would bring a wry smile to the lips of manufacturing managers, since this is exactly what they have tried to tell the management accountants for years”. Smith also adds that the use of NFIs is a long-standing and well accepted process in the manufacturing industry (Kaplan, 1983).

Tornow (1993) and Tornow and Wiley (1990) studied relationships among customer satisfaction, employee attitudes, and organizational performance in a large, multinational computer organization. They found that employees’ perceptions of successful organizational cultures consistently showed positive relationships with organizational performance measures. Interestingly, employee satisfaction with pay and benefits consistently showed negative relationships with organizational performance indicators, suggesting that these elements of job satisfaction were less reflective of management practices that deal with organizational success. This finding replicated Schneider and Vaught’s (1993) failure to find a significant relationship between employees’ general feelings of job satisfaction and customer perceptions of service. Tornow and Wiley (1990) also found that employee perceptions of an organization’s “culture for success” showed substantial relationships to customer satisfaction. Schneider *et al.* (2003) recently studied the link between employee attitudes and the financial and market performance of organizations and found that better employee attitudes were prerequisites to better financial and/or market performance of organizations.

In another study of relationships among organizational performance, customer satisfaction, and employee attitudes, Wiley (1991) studied data from over 200 retail stores. He found that those stores most favourably rated by employees were also rated equally favourably by customers. In particular, customer-satisfaction ratings were strongly and positively related to employees’ descriptions of key aspects of their working environment, especially working conditions, minimum obstacles to accomplishing their work, and a strong sense that supervisors and co-workers stress customer service. A number of employee attitude dimensions were related to customer satisfaction. One such employee attitudinal dimension was effective communication. Another attitudinal dimension was supervisory practices, which included items such as “My supervisor/manager makes it clear what I am expected to do”.

In this study, items from Kaplan and Norton’s (1992) “balanced scorecard” were used to determine differences in organizational performance of the three types of organizations and their inherent culture. These dimensions are financial, customer, internal business, innovation and learning perspectives. The items can be seen in Table II. These items were selected due to the strong evidence provided by Maisel (1992) about the appropriateness of these items for comprehensive measures of organizational performance.

Research methodology

This study utilized a survey questionnaire methodology as described below. Survey questionnaires were administered personally using a pre-selection method that ensured respondents met the required minimum of five years experience with the companies. Respondents were asked to fill them out and place them back in a box, which was placed in a common area. The completed questionnaires were picked up from the company after one week. The survey administration took seven months as the companies were personally contacted and visited. The companies were all located in the following three cities in the Jiangsu province of China: Nanjing, Wuxi and Suzhou. At the end of the survey administration, a thank-you note was sent to the top administrative officer of the companies for their cooperation and participation in the study. These top level managers/officers encouraged good survey response rate from their companies.

Sample

The study was based on three types of organizations operating in the Jiangsu province of China:

- (1) FOOs or foreign multinationals;
- (2) JV organizations; and
- (3) COOs companies.

The three types of organizations were selected because of the common belief that the organizational culture within these types of organizations differ. A total of 48 companies were used: 13 were FOOs; 16 joint venture organizations, and 19 COOs companies.

The sample consisted of a total of 161 usable questionnaires: 53 respondents from FOOs; 47 respondents from JV organizations and 61 respondents from COOs. The sample was evenly distributed between the male and female employees. The average age of the employees in the FOOs was 31.2 years, JVs 34.4 years, and COOs 36.7 years.

The questionnaire

This study employed a survey questionnaire which had three distinct parts. The first part determined existing organizational culture via manifestations of those cultures in management and leadership styles. Secondly, organizational performance as perceived by the employees; and thirdly, information about the employees and their organization. The questionnaire was translated into Chinese by two persons: graduate student in Management and an English department faculty member; both were natives of the Jiangsu province of China. The Chinese version of the questionnaire was again translated into English by another person who was in charge of the foreign affairs office at a Chinese local university. This double translation ensured that the meaning of the original items in the questionnaire and the translated version remained essentially the same. Brislin *et al.* (1973) used similar approach without using multiple translators and versions and found it very helpful in validating the measurements of their survey.

The first part of the survey questionnaire contained 15 items measuring cultural manifestations as perceived in the form of management systems, leadership and style. A deliberate attempt was made to ensure that all the four dimensions of Hofstede's (1980) cultural measure were used. The second part of the questionnaire contained 25

items to measure organizational performance based on the balanced scorecard approach of Kaplan and Norton (1992), and other factors suggested by Adsit and London (1996) and Lonial and Raju (2001). All of the above items in the questionnaire solicited subjects' agreement or disagreement on a seven-point scale, with endpoints labelled strongly disagree and strongly agree. The third and last part of the questionnaire asked participants questions about their role and position in the company, the type of company in terms of its ownership (foreign owned, JV, or Chinese), the industry in which the company operate, the length of the participant's employment with the company, and the location of the company headquarters.

Results and analysis

The data were submitted to SPSS and first subjected to descriptive analysis to ensure that there were no errors in coding the data.

The data were analyzed using analysis of variance, where the three types of companies served as the independent variable. Each of the cultural manifestations was used separately as a dependent variable. The composite results of this analysis are presented in Table I.

As can be seen from Table I, significant differences in culture of the three types of organizations were found with only 2 of the 15 items showing borderline marginal differences. FOOs and JVs seem to have much closer mean scores than the COOs. For all four of the Hofstede's (1980) cultural dimensions, overall differences between the organizations were significant. A closer look at the means reveals management and leadership styles of FOOs to be more team oriented, accountable and effective leadership style focusing on greater individualism, a greater effort to promote certainty and stability, lesser differences between power structures, and greater masculinity by having a more assertive and confident leadership style. COOs on the hand seem to exhibit a more autocratic leadership style with no team-building effort, much greater differences and less contact between senior management and workers, a greater sense of uncertainty and a distant and aloof management style. It must be noted here that Chinese organizations, which have been trying to adapt to market oriented economy, have been shifting away from old trends where they provided lifetime guarantees of employment, and a much wider security net. In the past COOs could use few motivational techniques to enhance work ethics, higher quality products and customer service. Newer operational and management styles focusing on open market systems are increasingly causing greater insecurity among workers and are moving farther away from collectivism.

Table II shows ANOVA results indicating differences in organizational performance measures for the three types of organizations. Overall, significant differences were found for each of the dimensions of organizational performance such as financial perspective, customer perspective, internal business perspective, innovation and learning experience (Kaplan and Norton, 1992) as well as technological assessment (Lonial and Raju, 2001). A closer look at the means, in general, reveals employees of FOOs seem to report more satisfaction and confidence in the performance of their companies than their JV or Chinese owned counter-parts. Overall, respondents from joint venture organizations exhibit similar patterns of attitudes and satisfaction to FOOs.

Respondents' attitudes toward company's financial performance significantly differ and are more positive for FOOs and JV organizations. However, employees of COOs continue to have much faith in the financial perspective of their organizations.

Customer service performance was rated significantly different by employees of the three types of organizations. However, a close examination of the means shows that these differences were much less pronounced. Perhaps this is an area where COOs have significantly improved and are caught up in trying to compete with their foreign owned and JV competitors. Clearly, there seems to be a major focus on improving products, customer relationships and service levels. Some authors such as Adler *et al.* (1989) have reported major benchmarking efforts for improving these areas and adapting to western style market-oriented approaches by COOs.

Organizational performance in terms of attaining better employee attitudes were significantly different among the three types of organizations. However, Chinese owned organizations and JVs seem to be making serious benchmarking efforts to improve in this area as the means indicate more agreement on the scale with the statements than disagreement.

In the area of innovation and learning perspective, however, COOs significantly trailed their JV and foreign-owned counter-parts. Training and learning experiences were largely rated minimally by employees of COOs. Perhaps this is one area, where future benchmarking efforts need to be focused. COOs also differed significantly on the use and integration of technology with their JV and foreign owned counter-parts. Responses seem to clearly indicate that information systems and technologies that could affect employees' and organizational performance were seriously lacking or not used. In recent years, the Jiangsu provincial government has been pushing COOs to adopt new technologies and international standards.

Success of benchmarking efforts

The results of this study clearly show efforts made by COOs to benchmark the process of making products and services, and comparing them to the toughest competitors. According to Kari (2000) organizations generally engage in four types of benchmarking: strategic, product, process and competency. Strategic benchmarking choices are linked to choice of markets, customers, and product range and core competencies. The success of strategic benchmarking is measured through broad organizational performance factors such as annual growth rate, product mix, and financial measures. Product benchmarking was linked to the following International Standard Organization (ISO) uniform product standards such as ISO9002. Process benchmarking relates to organization's internal business perspective and focused on its effectiveness, efficiency and adaptability. Competency benchmarking is linked to new innovations and training methods utilized. As it can be seen from Table II, this study utilized performance measures that are clearly linked to all four types of benchmarking standards. Adler *et al.* (1989), in their survey of 103 Chinese managers found that the Chinese managers and their organizations consistently looked at foreign or MNCs strategic, product, process and competency benchmarks to assess their own performance.

Benchmarking and organizational culture

When emerging economies around the world adopt the free enterprise system of the West, they also take on the values assumed in the West to be a part of a capitalistic system (Bond and King, 1985). The argument that exposure to Western ways of engaging in business will result in adoption of Western values suggests that the demands, opportunities, management/leadership styles of a technologically advancing society shape value systems that respond to industrialization rather than to indigenous cultural forces (Eisenstadt, 1973; Mouton and Blake, 1970; Pascale and Maguire, 1980). In contrast is the argument that culture is a sufficiently powerful force to ensure that managerial values will continue to remain different for businesses from different countries despite the impact of Western-style industrialization (Abegglen, 1957; Cole, 1973; Evans, 1970; Kelley and Reeser, 1973; Lincoln *et al.*, 1978). Organizations typically must consider, either directly or indirectly, the influence of foreign as well as domestic economic and socio-political systems (Tung and Miller, 1990). However, in the case of COOs, economic and socio-political systems are encouraging speedy adaptation to foreign organizational systems and management styles.

According to Ralston and Gustafson (1993), there is either a convergence or a divergence approach to managerial values in organizations. The convergence approach proposes that managers in non-industrialized nations will embrace the attitudes and behaviours common to managers in other industrialized nations despite cultural differences. In contrast, the divergence view purports that individuals will retain diverse, culturally based values despite any economic and social similarities among their nations (England and Lee, 1974; Kelley and Reeser, 1973). However, the anthropology roots of acculturation theory suggest a third alternative. When two cultures meet, a blending may result in some new crossbred form of values (Beals, 1953). Little attention has been paid to this third alternative in the recent research on the convergence-divergence controversy. Even though, this study looked at the effects of the blending of culture in JVs on organizational performance, changes in managerial values, systems and styles were not studied formally. Therefore, this study is limited in its approach to consider only the convergence and/or divergence approach to changing managerial values. Perhaps, future research would address this anomaly.

COOs embrace a collective Eastern culture with socialistic legal and political systems that grew out of a communist doctrine (Lan, 1987) and an underdeveloped technological base. While the PRC has embarked upon a modernization policy, the socio-political and economic infrastructures are not self-supporting (Chiu *et al.*, 1987; Tung, 1990; Youngson, 1983). Therefore, culturally and environmentally, the PRC, which is a unique blend of socialism and confucianism, remains a true contrast to the US and other developed Western nations (Tung, 1990).

Limitations of this study

This study was limited in scope since respondents were selected who had had a minimum of five years of experience. Ralston and Gustafson (1993) found that managers who were either older or had more than 15 years of experience had significantly different perceptions about benchmarking and adapting managerial values and systems of foreign owned or MNCs since their basic cultural values were ingrained from a more conservative time.

This study also did not entertain the idea of a unique blend of culture due to cross-breeding of managerial values and management styles. It focused mainly on convergence and divergence of cultural dimensions leading to the proposition of a strategic benchmarking approach.

Conclusion

Benchmarking in terms of strategy, product, process and competency is clearly evidenced among COOs. As a market style economy and the push for a truly global free trade bear results in China, benchmarking of cultural as well as managerial values will be even more pronounced. This study found major differences in organizational cultures and their dimensions that contribute to varying sets of managerial systems and styles. Future research needs to focus on the JVs specifically in order to study the true blending of cultures and managerial values that may affect organizational performance measures.

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